



Consolidated Financial Statements of  
**CITY OF COLWOOD**  
Year Ended December 31, 2018

**CITY OF COLWOOD**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2018**

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and decisions affecting the measurement of transactions in which objective judgement is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Council of the City of Colwood met with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

MNP LLP, as the City's appointed external auditors, have audited the consolidated financial statements. The Auditor's report is addressed to the Mayor and members of Council and appears on the following page. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the consolidated financial statements are free of material misstatement and present fairly the financial position and results of the City in accordance with Canadian Public Sector Accounting Standards.

April 23, 2019



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Chris Pease  
Interim Chief Administrative Officer



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Christopher Paine, CPA, CGA  
Director of Finance

# Independent Auditor's Report

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To the Mayor and Council of City of Colwood:

## Opinion

We have audited the consolidated financial statements of the City of Colwood (the "City"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2018, and the results of its consolidated operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nanaimo, British Columbia

April 23, 2019

*MNP* LLP

Chartered Professional Accountants

**City of Colwood  
Consolidated Statement of Financial Position**

**Statement A**

As at December 31, 2018

	2018	2017 <i>(restated)</i>
<b>Financial Assets:</b>		
Cash and cash equivalents (Note 3)	\$ 23,546,284	\$ 30,563,663
Temporary Investments (Note 4)	4,067,029	-
Portfolio Investments (Note 5)	9,145,221	-
Property taxes receivable	447,526	576,417
Accounts receivable (Note 6)	1,262,344	1,262,266
	<b>38,468,404</b>	<b>32,402,346</b>
<b>Financial Liabilities:</b>		
Accounts payable and accrued liabilities (Note 8)	3,614,273	4,139,055
Prepaid property taxes	488,565	336,376
Deferred revenue (Note 9)	11,568,836	8,393,788
Refundable deposits	3,284,250	3,928,227
Debt (Note 10)		
Equipment finance loans	1,518,505	1,759,798
Long-term	10,031,029	10,983,909
Employee future benefits (Note 11)	798,357	715,257
	<b>31,303,815</b>	<b>30,256,410</b>
<b>Net Financial Assets</b>	<b>7,164,589</b>	<b>2,145,936</b>
<b>Commitments and Contingencies (Note 16)</b>		
<b>Non-financial assets:</b>		
Tangible capital assets (Note 12)	145,744,543	146,040,307
Inventory of supplies	823,384	838,493
Prepaid expenses	149,523	69,101
	<b>146,717,450</b>	<b>146,947,901</b>
<b>Accumulated surplus (Note 13)</b>	<b>\$ 153,882,039</b>	<b>\$ 149,093,837</b>

Approved on behalf of the City



Interim Chief  
Administrative Officer



Director of Finance

The accompanying notes are an integral part of these consolidated financial statements.

**City of Colwood**  
**Consolidated Statement of Operations**

**Statement B**

As at December 31, 2018

	<b>Budget (Note 17)</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Taxation (Note 14)	\$ 16,906,300	\$ <b>16,932,511</b>	\$ 16,111,614
User charges	3,629,750	<b>3,502,629</b>	3,787,557
Fines and penalties	126,500	<b>145,384</b>	126,435
Portfolio investment income	-	<b>211,051</b>	-
Other investment income	175,000	<b>476,570</b>	398,679
Unconditional government transfers (Note 15)	703,000	<b>736,437</b>	707,997
Conditional government transfers (Note 15)	1,211,600	<b>551,341</b>	888,274
Developer contributions	698,400	<b>3,293,217</b>	3,894,718
Other	35,292	<b>322,542</b>	152,539
	<b>23,485,842</b>	<b>26,171,682</b>	26,067,813
<b>Expenses</b>			
General government	\$ 3,417,800	\$ <b>3,173,190</b>	\$ 2,751,905
Protective services	7,039,500	<b>6,368,982</b>	5,863,993
Engineering and transportation services	4,878,400	<b>4,408,781</b>	4,373,315
Solid waste management	226,500	<b>237,960</b>	211,463
Planning and development services	1,869,800	<b>1,589,820</b>	888,135
Parks, recreation and culture	4,565,142	<b>4,574,754</b>	4,533,847
Sewer services	1,076,800	<b>1,092,041</b>	975,101
	<b>23,073,942</b>	<b>21,445,528</b>	19,597,759
Annual surplus from City operations	411,900	<b>4,726,154</b>	6,470,054
Gain on change in proportionate share of Westshore Parks and Recreation Society	-	<b>62,048</b>	-
<b>Annual surplus</b>	411,900	<b>4,788,202</b>	6,470,054
Accumulated surplus, beginning of year	149,093,837	<b>149,093,837</b>	142,623,783
<b>Accumulated surplus, end of year</b>	\$ 149,505,737	\$ <b>153,882,039</b>	\$ 149,093,837

The accompanying notes are an integral part of these consolidated financial statements.

**City of Colwood**  
**Consolidated Statement of Change in Net Financial Assets**

**Statement C**

As at December 31, 2018

	Budget (Note 17)	2018	2017
<b>Annual surplus</b>	\$ 411,900	\$ 4,788,202	\$ 6,470,054
Acquisition of tangible capital assets (purchased)	(2,959,436)	(937,064)	(4,044,393)
Acquisition of tangible capital assets (contributed)		(2,711,731)	(3,255,798)
Amortization of tangible capital assets	2,520,100	2,625,289	2,536,313
Loss (Gain) on disposal of tangible capital assets	-	(194,568)	(28,544)
Proceeds on disposal of tangible capital assets	-	1,575,886	61,884
Gain on change in proportionate share of Westshore Parks and Recreation Society	-	(62,048)	-
	(27,436)	5,083,966	1,739,516
Consumption of inventory of supplies	-	15,109	11,572
Use of prepaid expenses	-	(80,422)	40,109
	-	(65,313)	51,681
Change in net financial assets	(27,436)	5,018,653	1,791,197
Net financial assets, beginning of year	2,145,936	2,145,936	354,739
<b>Net financial assets, end of year</b>	\$ 2,118,500	\$ 7,164,589	\$ 2,145,936

The accompanying notes are an integral part of these consolidated financial statements.



**City of Colwood**  
**Consolidated Statement of Cash Flows**

**Statement D**

As at December 31, 2018

	2018	2017
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 4,788,202	\$ 6,470,054
Items not involving cash:		
Amortization of tangible capital assets	2,625,289	2,536,313
Loss/(Gain) on disposal of tangible capital assets	(194,568)	(28,544)
Actuarial adjustment on debt	(203,113)	(165,632)
Gain on change in proportionate share of Westshore Parks and Recreation Society	(62,048)	-
Developer contributions	(2,711,731)	(3,255,798)
Change in non-cash operating assets and liabilities		
Property taxes receivables	128,891	(14,001)
Accounts receivable	(78)	(38,094)
Accounts payable and accrued liabilities	(524,782)	741,020
Prepaid property taxes	152,189	56,776
Deferred revenue	3,175,048	1,087,590
Refundable deposits	(643,977)	983,397
Employee future benefit liability	83,100	(107,446)
Inventory of supplies	15,109	11,572
Prepaid expenses	(80,422)	40,109
	<b>6,547,109</b>	<b>8,317,316</b>
<b>Capital activities:</b>		
Acquisition of tangible capital assets (purchased)	(937,064)	(4,044,393)
Proceeds on disposal of tangible capital assets	1,575,886	61,884
	<b>638,822</b>	<b>(3,982,509)</b>
<b>Investing activities:</b>		
Cash provided by (used in) investment transactions	(13,212,250)	-
<b>Financing activities:</b>		
Equipment finance loan payments	(241,293)	(258,068)
Debt Payments	(749,767)	(751,019)
	<b>(991,060)</b>	<b>(1,009,087)</b>
Increase (decrease) in cash and cash equivalents	(7,017,379)	3,325,720
Cash and cash equivalents, beginning of year	30,563,663	27,237,943
<b>Cash and cash equivalents, end of year</b>	<b>\$ 23,546,284</b>	<b>\$ 30,563,663</b>
Supplemental cash flow information		
Cash paid for interest	\$ 594,698	\$ 587,362
Cash received from interest	\$ 666,661	\$ 298,077

The accompanying notes are an integral part of these consolidated financial statements.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 1. General

The City of Colwood (the "City") is a municipality in the Province of British Columbia incorporated on June 24, 1985 and operates under the provisions of the Local Government Act and the Community Charter of British Columbia. The City provides municipal services such as police, fire, public works, engineering, planning, parks, recreation, community development, conference facilities and other general government operations.

### 2. Significant Accounting Policies

The consolidated financial statements of the City are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies are as follows:

#### ***Reporting entity***

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The financial statements also include the proportionate consolidation of the City's share of the West Shore Parks and Recreation Society.

#### ***Basis of accounting***

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

#### ***Government transfers***

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

#### ***Deferred revenue***

Deferred revenue includes non-government grants, contributions and other amounts received from third parties pursuant to legislation, regulation and agreement which may only be used in certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired. Development cost charges are amounts which are restricted by government legislation or agreement with external parties. When qualifying expenditures are incurred development cost charges are recognized as revenue in amounts which equal the associated expenses.

#### ***Investment income***

Investment income is reported as revenue in the period earned. When required by the funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance. Investment income is allocated to various reserves and operating funds on a proportionate basis.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 2. Significant Accounting Policies *(continued from previous page)*

#### ***Cash equivalents***

Cash equivalents include short-term highly liquid investments that are cashable on demand or have a term to maturity of 90 days or less at acquisition. Cash equivalents also include investment in the Municipal Finance Authority ("MFA") of British Columbia Money Market Funds, which are recorded at cost plus earnings reinvested in the funds.

#### ***Temporary Investments***

Temporary investments are short-term investments, with an original maturity date of one year or less. The carrying values of temporary investments is based on the cost method whereby the cost of the investment is adjusted to reflect investment income, which is accruing.

#### ***Portfolio Investments***

Portfolio investments are long-term investments, with an original maturity date of more than a year. The carrying values of portfolio investments is based on the cost method whereby the cost of the investment is adjusted to reflect investment income, which is accruing. For fixed term securities, such as bonds, any discount or premium arising on purchase is amortized over the period to maturity. Provisions for declines in the market value of portfolio investments are recorded when they are considered to be other than temporary. Declines in the market values of investments are considered to be other than temporary when the carrying value exceeds market value for more than three years.

#### ***Long-term debt***

Long-term debt is recorded net of principal repayments and actuarial adjustments.

#### ***Employee future benefits***

The City and its employees make contributions to the Municipal Pension Plan. The City's contributions are expensed as incurred.

Sick leave and other benefits are also available to the City's employees. The costs of these benefits are determined based on length of service and best estimates of retirement ages and expected future salary and wage increases. The obligations under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

#### ***Non-financial assets***

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 2. Significant Accounting Policies *(continued from previous page)* Non-financial assets *(continued from previous page)*

#### I. Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Building and building improvements	25 - 70
Vehicles, machinery and equipment	5 - 25
Sewer infrastructure	75 - 100
Drainage infrastructure	75 - 100
Parks and land improvements	15 - 40
Roads infrastructure	10 - 75

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Amortization is charged annually, including in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

The City has capitalized interest costs associated with the construction of tangible capital assets, during the period of construction only.

Natural resources that have not been purchased are not recognized as assets in the financial statements.

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

#### II. Inventory of supplies

Inventory of supplies held for consumption is recorded at the lower of cost and replacement cost, using the first in, first out method.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 2. Significant Accounting Policies *(continued from previous page)*

#### ***Use of estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, performing calculations of employee future benefits and estimating the useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the City is responsible for. Developer contributions of tangible capital assets are recorded at the City's best estimate of fair value on the date of contribution, calculated using engineering plans and standardized item cost estimates. Actual results could differ from these estimates.

#### ***Refundable deposits***

Receipts restricted by third parties are deferred and reported as refundable deposits under certain circumstances. Refundable deposits are returned when the third party meets their obligations, or the deposits are recognized as revenue when qualifying expenditures are incurred.

#### ***Liability for contaminated sites***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2018.

At each financial reporting date, the City reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The City continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

#### ***PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions***

Effective January 1, 2018, the City adopted the recommendations relating to PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

These new Sections define a related party and establish disclosures required for related party transactions. Disclosure is required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, a material financial effect on the financial statements. They also establish standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

There was no material impact on the financial statements from adopting the new Sections.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 2. Significant Accounting Policies (continued from previous page)

#### **PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights**

Effective January 1, 2018, the City adopted the recommendations relating to PS 3210 Assets, PS 3320 Contingent Assets, and PS 3380 Contractual Rights, as set out in the CPA Canada Public Sector Accounting Handbook. Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated.

PS 3210 Assets provides additional guidance to clarify the definition of assets set out in PS 1000 Financial Statement Concepts.

PS 3320 Contingent Assets establishes disclosure standards on contingent assets.

PS 3380 Contractual Rights establishes disclosure standards on contractual rights and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Section are as follows:

- Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.
- Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.
- Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

There was no material impact on the financial statements from adopting the new Sections.

### 3. Cash and cash equivalents

	2018	2017
Bank Deposits, operating account	\$ 5,679,480	\$ 26,321,386
Bank Deposits, high-interest savings account	9,522,760	-
MFA – Money Market Funds	4,312,263	4,242,277
Guaranteed Investment Certificate	4,031,781	-
	<b>\$ 23,546,284</b>	<b>\$ 30,563,663</b>

Guaranteed Investment Certificates have interest rates of 2.5%.

### 4. Temporary Investments

Guaranteed Investment Certificates have interest rates of 2.3% to 2.6%, maturing spring, 2019.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 5. Portfolio Investments

	2018		2017
Term Deposit	\$ 5,163,288	\$	-
Bonds	3,981,933		-
	<b>\$ 9,145,221</b>	<b>\$</b>	<b>-</b>

The term deposit has an interest rate of 4.0%, maturing December 2020. The City holds two \$2,000,000 bonds yielding 2.31%, maturing March 2020 and April 2023.

### 6. Accounts Receivable

	2018		2017
Trade accounts receivable	\$ 40,718	\$	102,971
CRA receivable, GST	57,056		123,860
Other receivable, Government	162,086		271,203
Other receivable, Non-Government	907,985		687,093
West Shore Parks and Recreation Society	94,499		77,139
	<b>\$ 1,262,344</b>	<b>\$</b>	<b>1,262,266</b>

### 7. MFA Deposits

The City secures its long-term borrowing through the Municipal Finance Authority. As a condition of these borrowings, a portion of the debenture proceeds are retained by the Authority as a debt reserve fund. As at December 31, 2018, the City had debt reserve funds of \$173,145 (2017 - \$188,905).

### 8. Accounts payable and accrued liabilities

	2018		2017
Trade accounts payable	\$ 1,346,562	\$	2,040,697
Government accounts payable	1,781,774		1,598,238
Payroll payable			
Wages	153,411		108,503
Vacation	117,521		96,188
Overtime	63,210		98,114
Deductions	24,158		24,174
Other accruals	1,654		48,110
West Shore Parks and Recreation Society	125,983		125,031
	<b>\$ 3,614,273</b>	<b>\$</b>	<b>4,139,055</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 9. Deferred revenue

	2018		2017
Development cost charge	\$ 5,117,911	\$	3,403,776
Federal Gas Tax funds	3,567,968		3,096,924
Cash in lieu of frontage	1,056,389		893,114
Cash in lieu of parklands	465,683		456,056
Building permit fees	925,972		119,151
Other	148,589		122,014
West Shore Parks and Recreation Society	286,324		302,753
	<b>\$ 11,568,836</b>	<b>\$</b>	<b>8,393,788</b>

#### Development cost charges (DCCs)

Opening balance of unspent DCCs	\$ 3,403,776	\$	2,628,170
Add: DCCs received during the year	1,557,823		742,503
Add: Adjustment to DCCs spent on ineligible projects in prior years	67,306		-
Less: Amount spent on projects and recorded as revenue	-		-
Add: Interest earned on unspent DCCs	89,006		33,103
	<b>\$ 5,117,911</b>	<b>\$</b>	<b>3,403,776</b>

#### Development cost charges (DCCs) include the following

Road	4,440,878		2,819,750
Sewer	677,033		584,026
	<b>\$ 5,117,911</b>	<b>\$</b>	<b>3,403,776</b>

There were no waivers and/or reductions in development cost charges during 2018 or 2017.

#### Federal Gas Tax funds

Opening balance of unspent Federal Gas Tax funds	\$ 3,096,924	\$	3,032,128
Add: Federal Gas Tax funding received during the year	766,208		740,802
Less: Amount spent on projects and recorded as revenue	(358,028)		(703,176)
Add: Interest earned on unspent Federal Gas Tax funds	62,864		27,170
	<b>\$ 3,567,968</b>	<b>\$</b>	<b>3,096,924</b>



# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 10. Debt

#### Equipment Finance Loans

- a) The City exercised the “purchase option” under the remaining capital lease arrangements in 2016 and secured short-term equipment financing loans bearing variable interest rates at an average annual rate of 1.59% (2016 -1.39%).
- b) Principal repayment on the equipment finance loans for the next five years are as follows:

Equipment Finance Loans	
2019	187,977
2020	161,212
2021	161,212
2022	161,212
2023	161,212
<b>Total</b>	<b>\$ 832,827</b>

- c) Total interest expense during the year was \$37,383 (2017 - \$30,047). Principal paid during the year was \$241,293 (2017 - \$258,068).

#### Long-Term Debt

The Capital Regional District (CRD) obtains long-term debt, on behalf of the City, through the Municipal Finance Authority (MFA), pursuant to security issuing bylaws under the authority of the Local Government Act, to finance certain capital expenditures.

The loan agreements with the CRD and the MFA provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the MFA’s obligations in respect to such borrowings, the resulting deficiency becomes a liability of the City.

As a condition of the loan agreements, the City is obligated to provide security by way of demand notes and interest-bearing cash deposits (sinking fund balances) based on the amount of the debt. If the debt is repaid without default, the deposits are refunded to the City. The demand notes are held by the MFA and upon maturity of the debt, the demand notes are released. As of December 31, 2018, there are contingent demand notes of \$371,551 (2017 - \$497,718) that are not recorded in the City’s financial statements.

- a) Gross amounts of long-term debt and the repayment and actuarial earnings to retire the long-term debt are as follows:

	Rate		Gross long-term debt issued		Repayment & actuarial earnings		Net Debt 2018		Net Debt 2017	Year of Maturity
Issue 105	4.90%	\$	3,396,000	\$	1,794,842	\$	<b>1,601,158</b>	\$	1,833,267	2024
Issue 105	4.90%		720,000		416,556		<b>303,444</b>		357,313	2023
Issue 105	4.90%		1,696,000		1,079,485		<b>616,515</b>		756,114	2022
Issue 105	4.90%		265,000		233,585		<b>31,416</b>		61,623	2019
Issue 121	2.90%		3,710,323		555,394		<b>3,154,929</b>		3,256,802	2038
Issue 121	2.10%		1,662,700		1,662,700		-		304,981	2018
Issue 137	2.60%		4,501,000		177,432		<b>4,323,568</b>		4,413,810	2046
<b>Total</b>		\$	<b>15,951,023</b>	\$	<b>5,919,994</b>	\$	<b>10,031,029</b>		<b>10,983,909</b>	

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 10. Debt (continued from previous page)

#### Long-Term Debt (continued from previous page)

b) Principal payments on long-term debt for the next five years are as follows:

Long-term Debt	
2019	503,960
2020	481,888
2021	481,888
2022	481,888
2023	378,884
<b>Total</b>	<b>\$ 1,949,624</b>

c) Scheduled long-term debt repayments may be suspended in the event of excess sinking fund earnings within the MFA. Principal paid during the year was \$749,767 (2017 - \$751,019). Total interest expense during the year was \$557,315 (2017 - \$557,315). Included in revenue is \$203,113 (2017 - \$165,632) of actuarial adjustments on the City's annual debt principal repayments invested by MFA. This annual investment income results in a reduction in the overall cost of borrowing.

### 11. Employee future benefits

The City provides sick leave, personal/emergency/family leave and retirement benefits to its employees. Information about liabilities for the City's employee obligation related to these benefits is as follows:

	2018	2017
West Shore Parks and Recreation Society	\$ 88,742	\$ 77,157
City of Colwood	709,615	638,100
<b>Total employee future benefits</b>	<b>\$ 798,357</b>	<b>\$ 715,257</b>

	2018	2017
Accrued sick leave	\$ 363,200	\$ 332,100
Retirement benefits	305,200	306,000
Termination benefits	41,215	-
<b>Total City of Colwood employee future benefits</b>	<b>\$ 709,615</b>	<b>\$ 638,100</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 11. Employee future benefits (continued from previous page)

	2018	2017
Accrued benefit obligation		
Balance, beginning of year	\$ 657,500	\$ 575,500
Service cost	72,400	57,400
Interest cost	20,400	20,600
Benefits payments	(62,600)	(38,900)
Actuarial loss	(16,600)	42,900
Balance, end of year	671,100	657,500
Unamortized net actuarial gain (loss)	(2,700)	(19,400)
Add: Severance package payable to employees	134,062	133,575
Less: Severance package paid to employees	(92,847)	(133,575)
<b>Total City of Colwood employee future benefits</b>	<b>\$ 709,615</b>	<b>\$ 638,100</b>

The accrued benefit obligation and the benefit costs for the year were estimated by an independent actuarial firm based on an actuarial valuation performed as of December 31, 2018. Key estimates were used in the valuation including the following:

	2018	2017
Discount rates	3.30%	2.9%
Expected future inflation rates	2.50%	2.50%
Expected wage and salary increases	2.58% to 4.50 %	2.58% to 4.50%

### Municipal Pension Plan

The employer and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2.224 billion funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1.927 billion was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The City of Colwood paid \$642,655 (2017 - \$610,500) for employer contributions while employees contributed \$546,251 (2017 - \$507,580) to the plan in fiscal 2018.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 11. Employee future benefits *(continued from previous page)*

#### **Municipal Pension Plan** *(continued from previous page)*

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

#### **GVLRA - CUPE Long-Term Disability Trust**

The GVLRA – CUPE Long-Term Disability Trust was established January 1, 1987 as a result of negotiations between the Greater Victoria Labour Relationship Association (GVLRA) representing a number of employers, including the City, and the Canadian Union of Public Employees (CUPE) representing a number of CUPE locals, including CUPE Local 374. The Trust's sole purpose is to provide a long-term disability income benefit plan. The City and its employees each contribute equal amounts into the Trust. The total plan provision for approved and unreported claims was actuarially determined as of December 31, 2017. As of December 31, 2017, the total plan provision for approved and unreported claims was \$17,177,300 with a net surplus of \$3,852,873. The City paid \$47,868 (2017 - \$55,672) for employer contributions and City employees paid \$47,868 (2017 - \$55,672) to the plan in fiscal 2018.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 12. Tangible capital assets

<b>2018</b>	<b>Work in Progress</b>	<b>Land</b>	<b>Building and Building Improvements</b>	<b>Vehicles, Machinery and Equipment</b>	<b>Sewer Infrastructure</b>	<b>Drainage Infrastructure</b>	<b>Park and Land Improvement</b>	<b>Road Infrastructure</b>	<b>West Shore Parks and Recreation Society</b>	<b>Total 2018</b>	<b>Total 2017</b>
<b>Cost</b>											
Balance, beginning of year	939,797	59,226,874	5,924,038	9,671,420	20,038,574	15,252,403	5,988,650	69,564,040	14,806,956	201,412,752	194,387,597
Additions	32,563	1,296,272	406,043	518,090	77,550	204,119	456,165	1,445,958	34,689	4,471,449	7,720,229
Disposals	(803,076)	(1,326,575)	-	(170,034)	-	(21,095)	-	(58,994)	-	(2,379,774)	(695,074)
Adjustment	-	-	-	714,017	(714,017)	-	-	-	-	-	-
Change in Westshore Share	-	-	-	-	-	-	-	-	57,086	57,086	-
<b>Balance, end of year</b>	<b>169,284</b>	<b>59,196,571</b>	<b>6,330,081</b>	<b>10,733,493</b>	<b>19,402,107</b>	<b>15,435,427</b>	<b>6,444,815</b>	<b>70,951,004</b>	<b>14,898,731</b>	<b>203,561,513</b>	201,412,752
<b>Accumulated Amortization</b>											
Balance, beginning of year	-	-	(3,056,483)	(4,323,515)	(2,737,200)	(3,173,309)	(1,195,598)	(36,769,777)	(4,116,565)	(55,372,447)	(53,077,830)
Disposals	-	-	-	146,371	-	8,291	-	40,721	-	195,383	241,696
Amortization expense	-	-	(149,071)	(577,049)	(213,982)	(142,814)	(152,514)	(1,173,143)	(216,716)	(2,625,289)	(2,536,313)
Change in Westshore Share	-	-	-	-	-	-	-	-	(14,617)	(14,617)	-
<b>Balance, end of year</b>	<b>-</b>	<b>-</b>	<b>(3,205,554)</b>	<b>(4,754,193)</b>	<b>(2,951,182)</b>	<b>(3,307,832)</b>	<b>(1,348,112)</b>	<b>(37,902,199)</b>	<b>(4,347,898)</b>	<b>(57,816,970)</b>	(55,372,447)
<b>Net book value, end of year</b>	<b>169,284</b>	<b>59,196,571</b>	<b>3,124,527</b>	<b>5,979,300</b>	<b>16,450,925</b>	<b>12,127,595</b>	<b>5,096,703</b>	<b>33,048,805</b>	<b>10,550,833</b>	<b>145,744,543</b>	146,040,307
Net book value, beginning of year	939,797	59,226,874	2,867,554	5,347,906	17,301,374	12,079,097	4,793,052	32,794,264	10,690,394	146,040,307	141,309,769

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 12. Tangible capital assets *(continued from previous page)*

- a) Work in progress:  
Work in progress having a value of \$169,284 (2017 - \$939,797) have not been amortized. Amortization of these assets will commence when the asset is put into service.
- b) Contributed tangible capital assets:  
Contributed assets having a value of \$2,711,731 (2017 - \$3,255,798) were acquired from developers as part of subdivision installations, including parks and park improvements, roads, sidewalks, bike lanes, street lighting, drainage and sewer infrastructure. These contributed assets were recognized at an estimate of the fair value of the cost of the materials and installation.
- c) Works of art and historical treasures:  
The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.
- d) Write-down of tangible capital assets and assets recognized at nominal value:  
No write-down of tangible capital assets occurred during the year (2017 - \$0). No tangible capital assets are recognized at nominal value.
- e) Gain/loss on disposal of tangible capital assets:  
During the year, the City recognized a \$194,568 loss (2017 - \$28,544 gain) on disposal of tangible capital assets. This amount is included in Other revenue on the Consolidated Statement of Operations.
- f) Interest capitalized during the period:  
During the year, the City recognized \$0 (2017 - \$103,630) in interest costs associated with the period of construction of sewer infrastructure.
- g) West Shore Parks and Recreation Society:  
The City's proportionate share of West Shore Parks and Recreation Society assets includes land, building and equipment which are subject to amortization policies consistent with those of the City.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 13. Accumulated surplus

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2018	2017
<b>Operating Surplus</b>		
General Operating Fund accumulated surplus	\$ 5,500,886	\$ 4,945,250
Sewer Operating surplus	526,389	511,598
Internal Financing (Central Sewer LAS) – to be recovered	(116,568)	(120,733)
<b>Total Operating surplus</b>	<b>\$ 5,910,707</b>	<b>\$ 5,336,115</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
Future Operating Expenditures	\$ 1,931,672	\$ 2,119,748
Capital Projects	2,375,904	619,532
Sewer Capital Projects	1,043,317	992,397
General Fleet Replacement	561,249	405,237
Fire Fleet Replacement	1,241,104	956,946
Sewer Fleet Replacement	69,755	74,765
Equipment Replacement	101,252	1,049
Community Amenities	1,987,699	1,586,146
Affordable Housing	395,858	728,613
RCMP Surplus	1,450,322	916,659
Police Building	136,764	149,975
New Firehall	212,516	208,123
St. John's Heritage Church	95,151	97,387
Infrastructure Deficit	953,431	570,118
Public Art	22,005	23,205
Parks	8,700	-
West Shore Parks and Recreation Society	27,723	-
<b>Total Reserve Funds</b>	<b>\$ 12,614,422</b>	<b>\$ 9,449,900</b>
<b>Invested in tangible capital assets (General Capital and Sewer Capital)</b>	<b>135,341,187</b>	<b>134,402,600</b>
<b>West Shore Parks and Recreation Society Surplus Operating Surplus</b>	<b>15,724</b>	<b>(94,778)</b>
	<b>\$ 153,882,039</b>	<b>\$ 149,093,837</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 14. Taxation

Taxation revenue, reported on the Consolidated Statement of Operations, is made up of the following:

	Budget 2018	2018	2017
General taxation	\$ 13,989,900	\$ 13,926,260	\$ 13,300,543
Payments in place of taxes	2,109,600	2,187,460	2,132,274
Parcel taxes	621,000	628,025	492,927
1% utility taxes	185,800	190,764	185,870
Collections on behalf of other governments			
Provincial Government – School Authorities	-	7,185,251	7,001,722
Capital Regional District	-	2,372,596	2,190,613
Capital Regional Hospital District	-	1,049,032	1,046,070
BC Transit Authority	-	988,677	997,255
BC Assessment Authority	-	197,982	185,210
Municipal Finance Authority	-	922	793
	\$ 16,906,300	\$ 28,726,969	\$ 27,533,277
Transfers to other governments			
Provincial Government – School Authorities	-	(7,185,250)	(7,001,722)
Capital Regional District	-	(2,372,596)	(2,190,613)
Capital Regional Hospital District	-	(1,049,032)	(1,046,070)
BC Transit Authority	-	(988,677)	(997,255)
BC Assessment Authority	-	(197,982)	(185,210)
Municipal Finance Authority	-	(922)	(793)
	-	(11,794,459)	(11,421,663)
	\$ 16,906,300	\$ 16,932,511	\$ 16,111,614



# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 15. Government transfers

The City recognizes the transfer of government funding as revenue in the period received and when all related eligibility criteria and stipulations have been satisfied. The government transfers reported on the Consolidated Statement of Operations are:

	Budget 2018	2018	2017
Conditional government transfers:			
Federal:			
Gas Tax	\$ 1,129,800	\$ 358,027	\$ 703,176
Infrastructure Grants	-	55,816	-
Provincial:			
Infrastructure Grants	-	54,550	102,600
Climate Action	6,700	7,810	7,360
Other:			
Q Arena Debt Subsidy	75,100	75,138	75,138
West Shore Parks & Recreation	-	-	-
<b>Total Conditional Government Transfers</b>	<b>\$ 1,211,600</b>	<b>\$ 551,341</b>	<b>\$ 888,274</b>
Unconditional government transfers:			
Provincial:			
Small Communities	230,000	227,461	250,573
Traffic Fines Revenue Sharing	153,000	151,051	149,702
Casino revenue sharing	320,000	342,920	315,021
Other	-	246	328
West Shore Parks & Recreation	-	14,759	12,373
<b>Total Unconditional Government Transfers</b>	<b>\$ 703,000</b>	<b>\$ 736,437</b>	<b>\$ 707,997</b>

Gas Tax funding is provided by the Federal government. The use of funding is established by a funding agreement between the City and the Union of British Columbia Municipalities (UBCM). These funds may be used towards designated infrastructure projects that help communities build and revitalize public infrastructure supporting economic growth and a clean environment.

The Small Communities grant is unconditional funding to assist municipalities with populations up to approximately 19,000 residents.

Traffic Fine Revenue Sharing is an unconditional grant provided to assist municipalities in ensuring community safety and addressing community specific strategic priorities. The program returns 100% of net revenues from traffic violations to municipalities that are directly responsible for paying for policing.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 16. Commitments and Contingencies:

a) Contingent liabilities:

The Capital Regional District (the "CRD") debt, under provisions of the Local Government Act, is a direct, joint, and several liability of the CRD and each member municipality within the CRD, including the City of Colwood.

The City is a shareholder and member of the Capital Region Emergency Service Telecommunications Incorporated (CREST) who provides centralized emergency communications, and related public safety information services to municipalities, regional districts, the provincial and federal governments and their agencies, and emergency service obligations to share in funding ongoing operations any additional costs relating to capital assets are to be contributed pursuant to a Members' Agreement.

The City may be subject to potential repayment or non-collection of property taxes received or receivable pending resolution of property assessments appealed by taxpayers. The outcome of the appeals is not reasonably estimable and repayments or non-collections, if any, will be recorded in the period that they occur.

b) Litigation liability:

The City has been named a defendant in various lawsuits. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. Remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable.

c) Commitments:

The City entered into a long-term contract with the Royal Canadian Mounted Police for the provision of police services effective April 1, 1992. Under the terms of this contract, the City is responsible for 90% of policing costs. The 2019 estimated cost of this contract is \$2,938,400 (2018 estimate - \$2,866,000).

The City entered into an agreement with Hub Fire Engines for the supply and delivery of a new Fire Engine. Under the terms of this agreement, construction is expected to occur in 2019 with delivery of the Fire Engine in early 2020. The estimated cost of this contract is \$980,000 plus applicable taxes.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 17. Budget

The budget data presented in these consolidated financial statements includes both operating and capital budgets. The City of Colwood budget was approved by Council on April 23, 2018 with the adoption of the Five Year Financial Plan (2018-2022) Bylaw No 1720, 2018. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget per the Financial Plan to the budget reported in these consolidated financial statements.

	<b>2018 Budget</b>
Consolidated Budgeted Surplus, per City of Colwood Financial Plan Bylaw No. 1720	\$ -
Add	
Capital Projects, General Capital Fund	2,688,800
Capital Projects, Sewer Capital Fund	90,500
Capital Projects, West Shore Parks and Recreation Society	180,136
Debt repayments	1,015,400
Transfers to reserves	2,103,100
Less	
Proceeds of borrowing	(28,300)
Transfers from reserves	(2,400,000)
Transfers from surplus	(537,500)
Amortization	(2,520,100)
West Shore Parks and Recreation Society – transfer from surplus	(48,240)
West Shore Parks and Recreation Society – transfers from reserves	(131,896)
<b>Consolidated Budgeted Surplus, per City of Colwood Statement of Operations</b>	<b>\$ 411,900</b>

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 18. West Shore Parks and Recreation Society

a) Capital asset transfer:

The CRD transferred the lands and facilities comprising the Juan de Fuca Recreation Centre to the following municipal members (the "Municipalities") effective January 2, 2002. City of Langford, City of Colwood, District of Highlands, District of Metchosin and the CRD (on behalf of a portion of the Juan de Fuca electoral Area). Effective January 1, 2007, the Town of View Royal became a member of the Society. Effective January 1, 2018, the CRD (on behalf of a portion of the Juan de Fuca electoral Area) removed their membership from the Society.

In 2002, the lands and facilities were transferred to the Municipalities in their proportionate share, as specified in the Co-Owners' Agreement. The lands and facilities were reallocated amongst the members in January 1, 2007, when the Town of View Royal became a member. Future improvements are allocated among the members as per the cost sharing formula in effect each year for each service or facility, as outlined in a Members' Agreement.

The cost sharing formula in the Members' Agreement may produce different cost shares for the members from year-to-year resulting in a gain or loss on the opening fund balances. In 2018, there was a change in the cost share formula due to the removal of the CRDs membership from the Society. As a result of this change a gain was recognized in 2018.

The Municipalities have each become members in the Society, which was incorporated to provide parks, recreation and community services to the Municipalities under contract. Under terms of an Operating, Maintenance and Management Agreement, the Society is responsible to equip, maintain, manage, and operate the facilities located at the recreation centre.

b) Consolidation:

Financial results and budget for the Society are consolidated into the City's financial statements proportionately, based on the cost sharing formula outlined in the Members' Agreement. In 2018, the City's proportion for consolidation purposes was 22.44% (2017 - 22.34%).

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

### 18. West Shore Parks and Recreation Society (continued from previous page)

c) Condensed financial information for the Society as follows, prior to consolidation:

	2018	2017
Financial assets	\$ 3,636,125	\$ 3,501,451
Financial liabilities	2,233,137	2,260,253
Net financial assets	1,402,988	1,241,198
Non-financial assets	1,030,170	976,002
<b>Accumulated surplus</b>	<b>2,433,158</b>	<b>2,217,210</b>
Invested in tangible capital assets	982,438	919,062
Reserve funds	2,036,113	1,929,868
Unfunded members' tangible capital assets	(585,393)	(631,730)
<b>Accumulated surplus</b>	<b>2,433,158</b>	<b>2,217,200</b>
Revenues	6,547,215	5,639,649
Requisition from members	4,947,539	4,968,939
<b>Total revenues</b>	<b>11,494,754</b>	<b>10,608,588</b>
Expenses	11,278,796	10,678,502
<b>Annual surplus (deficit)</b>	<b>\$ 215,958</b>	<b>\$ (69,895)</b>

### 19. Comparative figures

Certain comparative figures have been restated to conform with the current year's presentation.

### 20. Segmented information

The City is a diversified municipal organization that provides a wide range of services to its disclosed in the segmented information, along with the services they provide, which are as follows:

#### General Government

The General Government operations provide the functions of Corporate Administration, Finance, Information Technology, Human Resources, Legislative Services and any other functions categorized as non-departmental.

# City of Colwood

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2018

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### 20. Segmented information *(continued from previous page)*

#### **Protective Services**

Protective Services is comprised of different functions, including Police Protection, Fire Protection, Emergency Preparedness and Regulatory services. The Royal Canadian Mounted Police (RCMP) provides policing services to the City. The RCMP ensures the safety of the lives and property of Colwood citizens through the enforcement of criminal laws and the laws of British Columbia, the maintenance of law and order, and the prevention of crime. The Fire Department is responsible for providing critical, life-saving services in preventing

or minimizing the loss of life and property from fire and natural or man-made emergencies. The Emergency Preparedness program ensures that the City is both prepared and able to respond to, and recover from, the effects of a disaster or major catastrophic event. The mandate of the Regulatory Service is to promote, facilitate and enforce general compliance with the provisions of the bylaws that pertain to the health, safety and welfare of the community.

#### **Engineering and Transportation Services**

Engineering and Transportation Services is responsible for a wide variety of transportation functions such as parking, engineering operations and streets. As well as providing services around infrastructure, traffic control, transportation planning, review of land development impacts on transportation, traffic management, and pedestrian and cycling issues, on-street parking regulations, including street signs and painting as well as traffic signal timing.

#### **Solid Waste Management**

The Solid Waste Management Services provides various community environmental services, including the branch drop-off program and the Spring Clean-Up program.

#### **Planning and Development Services**

Planning and Development Services co-ordinates and leads efforts to enhance the City's neighbourhoods, foster arts and culture and work to create a vibrant and dynamic City. Development services provide a full range of planning services related to zoning, development permits, variance permits and current regulatory issues.

#### **Recreation, Parks and Culture**

Recreation services facilitates the provision of recreation and wellness programs and services throughout the City. Parks is responsible for the maintenance, planning and development of all park facilities such as natural ecosystems, sport and entertainment venues and playgrounds for recreational and cultural enjoyment in a safe environment. Parks is also responsible for preserving and enhancing green spaces on public lands.

#### **Sewer Services**

The sewer utility protects the environment and human health from the impact of liquid waste generated as a result of human occupation and development in the City.

Certain allocation methodologies have been employed in the preparation of the segmented financial information. The General Fund reports on municipal services that are funded primarily by taxation such as property taxes and other tax revenues. Taxation and payments-in-lieu of taxes are apportioned to the General Fund services based on budgeted taxation revenue as presented in the 2018 - 2022 Financial Plan Bylaw No 1720, 2018.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements. The following schedule provides additional financial information for the foregoing segments.

**City of Colwood**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2018

**20. Segmented information** (continued from previous page)

2018	General Fund						Sewer Fund		Total 2018
	General Government	Protective Services	Solid Waste Management	Planning and Development Services	Engineering, Public Works and Transportation	Parks, Recreation and Culture	Sewer Services		
<b>Revenue</b>									
Taxation	\$ 2,732,657	\$ 5,484,777	\$ 204,925	\$ 1,369,106	\$ 3,796,710	\$ 2,716,311	\$ 628,025	\$ 16,932,511	
User fees	185,090	911,955	16,583	184,618	149,301	1,357,715	697,367	3,502,629	
Government transfers	1,273,019	-	-	-	-	14,759	-	1,287,778	
Fines and penalties	143,309	2,075	-	-	-	-	-	145,384	
Investment income	608,977	-	-	-	-	-	78,644	687,621	
Developer contributions	-	-	-	1,939,392	884,275	392,000	77,550	3,293,217	
Other	5,316	37	500	-	194,568	122,121	-	322,542	
<b>Total revenue</b>	<b>4,948,369</b>	<b>6,398,844</b>	<b>222,008</b>	<b>3,493,116</b>	<b>5,024,854</b>	<b>4,602,906</b>	<b>1,481,586</b>	<b>26,171,682</b>	
<b>Expenses</b>									
Salaries, wages and benefits	1,857,110	2,500,384	110,992	830,701	1,960,609	478,597	205,654	7,944,047	
Materials, goods and supplies	276,550	186,514	48,067	3,180	174,485	101,738	90,632	881,166	
Property service costs	182,234	254,987	78,901	1,802	312,578	99,587	268,415	1,198,504	
Professional service costs	452,239	2,718,062	-	159,431	49,561	1,421,997	18,955	4,820,245	
Financing costs	112,835	73,360	-	-	95,452	166,404	228,518	676,569	
Other costs	117,546	266,111	-	1,896	3,883	1,950,329	-	2,333,175	
Amortization	121,892	341,644	-	-	1,523,619	358,266	279,867	2,625,289	
Special projects	52,784	27,920	-	592,810	288,594	1,131	-	963,239	
<b>Total expenses</b>	<b>3,173,190</b>	<b>6,368,982</b>	<b>237,960</b>	<b>1,589,820</b>	<b>4,408,781</b>	<b>4,574,754</b>	<b>1,092,041</b>	<b>21,445,528</b>	
<b>Annual surplus (deficit)</b>	<b>\$ 1,775,178</b>	<b>\$ 29,862</b>	<b>\$ (15,952)</b>	<b>\$ 1,903,296</b>	<b>\$ 616,073</b>	<b>\$ 28,152</b>	<b>\$ 389,545</b>	<b>\$ 4,726,154</b>	

**City of Colwood**  
**Notes to the Consolidated Financial Statements**

For the year ended December 31, 2018

**20. Segmented information** (continued from previous page)

2017	General Fund						Sewer Fund		Total 2017
	General Government	Protective Services	Solid Waste Management	Planning and Development Services	Engineering, Public Works and Transportation	Parks, Recreation and Culture	Sewer Services		
<b>Revenue</b>									
Taxation	\$ 2,308,003	\$ 4,918,088	\$ 177,352	\$ 744,872	\$ 3,667,868	\$ 3,802,504	\$ 492,927	\$ 16,111,614	
User fees	267,599	1,142,834	14,620	317,337	120,012	1,196,656	728,499	3,787,557	
Government transfers	1,583,897	-	-	-	-	12,374	-	1,596,271	
Fines and penalties	120,579	5,856	-	-	-	-	-	126,435	
Investment income	339,778	-	-	-	-	-	58,901	398,679	
Developer contributions	-	-	-	638,920	3,069,882	-	185,916	3,894,718	
Other	43,169	40	1,724	-	6,013	79,062	22,531	152,539	
<b>Total revenue</b>	<b>4,663,025</b>	<b>6,066,818</b>	<b>193,696</b>	<b>1,701,129</b>	<b>6,863,775</b>	<b>5,090,596</b>	<b>1,488,774</b>	<b>26,067,813</b>	
<b>Expenses</b>									
Salaries, wages and benefits	1,594,555	2,485,993	126,460	626,437	2,065,697	595,860	235,900	7,730,902	
Materials, goods and supplies	287,973	134,857	84,781	4,834	320,260	145,989	103,443	1,082,137	
Property service costs	160,711	252,875	222	1,415	268,198	56,034	238,844	978,299	
Professional service costs	447,384	2,379,726	-	117,199	59,806	1,222,146	8,728	4,234,989	
Financing costs	18,550	66,084	-	-	95,452	166,404	156,004	502,494	
Other costs	139,763	207,101	-	1,338	3,701	1,929,306	-	2,281,209	
Amortization	91,283	328,152	-	-	1,501,496	383,200	232,182	2,536,313	
Special projects	11,686	9,205	-	136,912	58,705	34,908	-	251,416	
<b>Total expenses</b>	<b>2,751,905</b>	<b>5,863,993</b>	<b>211,463</b>	<b>888,135</b>	<b>4,373,315</b>	<b>4,533,847</b>	<b>975,101</b>	<b>19,597,759</b>	
<b>Annual surplus (deficit)</b>	<b>\$ 1,911,120</b>	<b>202,825</b>	<b>(17,767)</b>	<b>812,994</b>	<b>2,490,460</b>	<b>556,749</b>	<b>513,673</b>	<b>6,470,054</b>	